

**304.33-052 Federal home loan banks -- Rights regarding collateral --Procedures.**

- (1) (a) A federal home loan bank shall not be stayed or otherwise prohibited by a court from exercising its rights regarding collateral pledged by an insurer-member for more than ten (10) days following the date a temporary restraining order, preliminary injunction, or permanent injunction is issued by the court pursuant to KRS 304.33-050.
- (b) A federal home loan bank exercising its rights regarding collateral pledged by an insurer-member shall, within seven (7) days of receiving a redemption request made by the insurer-member, repurchase any of the insurer-member's outstanding capital stock in excess of the amount the insurer-member must hold as a minimum investment. The federal home loan bank shall repurchase the excess outstanding capital stock only to the extent it determines in good faith that the repurchase is:
  1. Permissible under federal laws and regulations and the federal home loan bank's capital plan; and
  2. Consistent with the capital stock practices currently applicable to the federal home loan bank's entire membership.
- (2) (a) Not later than ten (10) days after the date of appointment of a receiver in a proceeding under this subtitle involving an insurer-member, the federal home loan bank shall provide to the receiver a process and timeline for all of the following:
  1. The release of any collateral held by the federal home loan bank that exceeds the amount that is required to support the secured obligation of the insurer-member and that is remaining after any repayment of loans, as determined under the applicable agreements between the federal home loan bank and insurer-member;
  2. The release of any collateral of the insurer-member remaining in the federal home loan bank's possession following the repayment in full of all outstanding secured obligations of the insurer-member;
  3. The payment of fees owed by the insurer-member and the operation, maintenance, closure, or disposition of deposits and other accounts of the insurer-member, as mutually agreed upon by the receiver and the federal home loan bank; and
  4. Any redemption or repurchase of federal home loan bank stock or excess stock of any class that the insurer-member is required to own under agreements between the federal home loan bank and the insurer-member.
- (b) Upon request of the receiver appointed in a proceeding under this subtitle involving an insurer-member, the federal home loan bank shall provide to the receiver any available options for the insurer-member to renew or restructure a loan. In determining which options are available, the federal home loan bank may consider:
  1. Market conditions;

2. The terms of any loans outstanding to the insurer-member;
3. The applicable policies of the federal home loan bank; and
4. The federal laws and regulations applicable to federal home loan banks.

**Effective:** July 14, 2022

**History:** Created 2022 Ky. Acts ch. 61, sec. 2, effective July 14, 2022.